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CENTRAL INTELLIGENCE AGENCY

8 December 1948

INTELLIGENCE MEMORANDUM NO. 84

SUBJECT: Estimates of appropriations for the Security Ministries of the USSR (MGB and MVD) in 1948.

1. It is estimated roughly that direct budgetary expenditures of the Ministries of State Security (MGB) and Internal Affairs (MVD) approximate 25 to 26 billion rubles in the current fiscal year of 1948 (about 7% of the total). Of this amount, about 17 billion rubles are estimated to cover expenditures of the Security forces performing military and para-military functions, including military intelligence. The remaining portion of the estimated expenditures are believed to cover numerous other MGB and MVD functions such as internal security, militia and fire departments, political education, prison administration, road and motor transport, and intelligence other than military.

2. It must be noted that the above are direct expenditures only. Additional large sums, in the form of indirect or concealed expenditures, are available to the Security Organs from the following sources:

- a. Construction projects on behalf of various ministries which receive direct budgetary allocations for capital investment. As the construction is actually performed by forced labor, substantial profits are accrued to MVD.
- b. Industrial enterprises under MVD management which are presumed to be self-supporting.
- c. Some unexplained or unspecified items in the Union and Republican budgets are probably earmarked for MGB and MVD to cover their extensive domestic and foreign operations.

No estimates can be made of these expenditures because of the lack of reliable information.

3. CIA has no data which would permit a detailed breakdown of the estimated direct expenditures of the two ministries.

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